

**Commonwealth of Kentucky
Public Protection Cabinet
Department of Insurance**

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Stanton woman to serve 15 months for mail fraud

To pay restitution of \$272,362 to insurer

FRANKFORT, KY (May 26, 2009) – A Stanton woman pleaded guilty to a felony count of mail fraud in United States District Court in Lexington after she, her husband and three Whitesburg area insurance agency employees gave false information to a workers' compensation insurance carrier.

Tena Pennington, 44, will report to prison on June 30 and will serve a 15-month sentence. In addition, she must pay \$272,362 in restitution to Kentucky Employers' Mutual Insurance.

The case was investigated by the Kentucky Department of Insurance (DOI) Fraud Investigation Division, the United States Postal Inspection Service and the Internal Revenue Service Criminal Investigation Division.

According to court documents, Tena Pennington and John Pennington, her husband, worked with employees of CS&W Insurance to misrepresent the number of employees and the amount of payroll in John Pennington's company, ZAG Resources Inc., and its connection to another Pennington company, JZ Trucking Inc. This resulted in lower workers' comp premiums for John Pennington's company.

Earlier this month, Thomas J. Childers, 60, of Hazard, and Karen Lynetta Fox-Burns, 56, of Whitesburg, both insurance agents, and Shannon Rane Hogg, the daughter of Fox-Burns and a CS&W customer services representative, each pleaded guilty to a count of misprision of a felony (includes the act of concealing a felony), also in United States District Court in Lexington.

Childers, Fox-Burns and Hogg each received two-years probation, 100 hours of community service and a fine of \$100. Childers was fined an additional \$10,000.

John Pennington is scheduled to appear in court in November.

"This case was significant in the number of people and amount of money involved," said DOI Commissioner Sharon P. Clark. "We are very pleased that the court sent a message that this type of fraud, which cheats the insurer and endangers employees, will not be tolerated."

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